



Rebuilding the Gulf Coast: How Banks Can Help

The OCC developed this fact sheet to assist national banks seeking to address financial needs in communities affected by the recent Gulf Coast hurricanes. The fact sheet includes programs, resources, and opportunities available to banks – or to which banks may refer customers – and sources for further information.

Community Reinvestment Act

Under recent revisions to the CRA, the OCC will consider favorably activities that revitalize or stabilize designated disaster areas. A revised definition of “community development,” which affects banks of all sizes, now includes activities that will benefit specifically designated disaster areas. These CRA revisions are contained in Questions and Answers published March 10, 2006 in the Federal Register. (Specifically, see § ___.12(g)(4)-1 through § ___.12(g)(4)(ii)-2). <http://www.occ.treas.gov/fr/fedregister/71fr12424.pdf>

Additionally, the OCC issued guidance on February 9, 2006 in Bulletin 2006-6, which permits national banks outside of the Gulf Coast to receive positive CRA consideration for activities that help to revitalize and stabilize designated disaster areas, as long as they have adequately addressed the credit needs of their local communities.

For additional information, please see the following Web site:
<http://www.occ.treas.gov/ftp/bulletin/2006-6.doc>

Part 24 Investment Authority

As previously stated, the CRA revisions modified the definition of “community development” to make bank activities aimed at revitalizing or stabilizing designated disaster areas eligible for CRA consideration. As a result, a national bank may make an investment under 12 CFR 24 for certain community development activities that help to revitalize or stabilize a designated disaster area.

For further information on Part 24 investments, please consult the following Web site:
<http://www.occ.treas.gov/cdd/commonpart24.htm#DDA>

Small Business Administration

The U.S. Small Business Administration initiated a Gulf Opportunity Pilot Loan (GO Loan) Program to expedite small business financing in communities severely affected by Hurricanes Katrina and Rita. Under this initiative, the SBA provides its full guaranty along with streamlined and centralized loan processing to banks and other qualified lending partners that agree to make expedited SBA 7(a) loans available to small businesses located in those disaster areas.

Information on the GO Loan program can be accessed on the SBA’s Web site.
<http://www.sba.gov/financing/goloans/>

Additional information on the SBA’s federal disaster assistance programs for affected businesses can be found at the following Web

site:

http://www.sba.gov/disaster_recov/hurricanes

GO Zone Tax Incentives

The "Gulf Opportunity Zone Act of 2005," (GO Zone legislation) provides tax incentives to assist recovery and rebuilding in areas affected by Hurricanes Katrina, Rita, and Wilma. GO Zone legislation creates a special class of tax-exempt private activity bonds, called GO Zone bonds. These bonds will be used to pay for the acquisition, construction, and renovation of commercial and residential real property, as well as public utility infrastructure.

Additional information on GO Zone tax-exempt private activity bonds may be obtained by contacting the appropriate state economic development authority.

Louisiana:

<http://www.treasury.state.la.us/>

Mississippi:

<http://www.mississippi.org/content.aspx?url=/page/gulfzone>

Alabama:

<http://finance.alabama.gov/content/GOZone.htm>

New Markets Tax Credits in GO Zone

Funding for New Markets Tax Credits (NMTCs) has been increased by an additional \$300 million in 2005 and 2006 and by an additional \$400 million in 2007 for community development entities (CDEs) operating in the GO Zone. Banks can receive a 39 percent tax credit over seven years for investments in qualified CDEs that provide capital to businesses in low-income communities.

Further information on NMTCs in the GO Zone can be viewed at the following Web site:

http://gozoneguide.com/story_13.html

Further information on NMTCs can be found at the following Web site:

<http://www.occ.treas.gov/cdd/index.html>

Further information on CDEs that received a NMTC allocation to make investments in the GO Zone can be viewed at the following Web site:

http://www.cdfifund.gov/docs/nmtc/2006/Profiles%20Document%20FINAL_alpha_.pdf

Further information on investing in CDEs can be accessed at the following Web site:

http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

Low-Income Housing Tax Credits

The GO Zone legislation allows states to allocate additional housing tax credit amounts in 2006 through 2008. Banks investing in Low-income Housing Tax Credits (LIHTCs) will benefit from increased tax credit allocations in the states of Louisiana, Mississippi, Alabama, Texas, and Florida for 2006 through 2008.

Additional information on GO Zone LIHTCs may be obtained by contacting the appropriate state housing finance agency in the eligible states.

Louisiana:

<http://www.lhfa.state.la.us/>

Mississippi:

<http://www.mshomecorp.com/>

Alabama:

<http://www.ahfa.com/>

Texas:

<http://www.tdhca.state.tx.us/>

Florida:

<http://www.floridahousing.org>

Further information on LIHTCs can be accessed at the following Web site:

<http://www.occ.treas.gov/cdd/pt24toppage.htm#low>
<http://www.occ.treas.gov/cdd/Spring06/index.htm>

HUD Community Development Block Grants

HUD announced on January 25, 2006 the allocation of \$11.5 billion in disaster funding for the five states affected by the hurricanes. CDBG funds are used traditionally for affordable housing, economic development, and public facilities. Banks are often asked

to provide senior debt on projects funded by the CDBG program.

Further information can be viewed at the following Web site:
<http://www.hud.gov/news/katrina05response.cfm>

Lending, Investing, and Service Opportunities

- **Enterprise Corporation of the Delta/HOPE Community Credit Union**
This partnership has developed investment opportunities to help fund small business recovery loans and nonprofit recovery loans and to provide food, clothing, and shelter for those displaced by the hurricanes in Louisiana and Mississippi. Further information can be found at the following Web site:
<http://www.ecd.org/>
- **CRA Fund Advisors**
CRA Fund Advisors has established a \$100 million Gulf Coast Community Investment initiative to assist with the rebuilding and reconstruction of hurricane-affected areas. Further information can be found at the following Web site:
http://www.crafund.com/documents/CRAFund_Gulf_Coast_Investment_Initiative.pdf
- **Enterprise Foundation**
The Enterprise Foundation and the Local Initiatives Support Corporation (LISC) have partnered to form a Community Recovery Fund to provide permanent affordable homes for working poor and low-income people in Louisiana, Mississippi, and Alabama. The Enterprise Foundation and LISC are seeking philanthropic partners to support staff costs and provide pass-through grants to community partners. Further information can be found at the following Web site:
<http://www.enterprisefoundation.org/katrina/HurricaneKatrina.asp>

State Hurricane Disaster Recovery Programs

- **Louisiana Recovery Authority**
Information can be found at:
<http://lra.louisiana.gov/>
- **Mississippi Development Authority**
Information can be found at:
<http://www.mississippi.org/>

CDFI Fund Waiver for Hurricane-Affected Areas

Under Treasury's BEA Program, CDFIs may now receive credit for financial assistance or qualified activities provided to CDFI partners that are FDIC-insured depository institutions or holding companies whose principal place of business is located in a county for which FEMA has issued a "major disaster" declaration.

A list of eligible counties can be found at the FEMA Web site:

<http://www.fema.gov/news/disasters.fema>

Further information can be reviewed at the following Web site:

http://www.cdfifund.gov/what_we_do/2006BEAchanges.asp

OCC Resources

The OCC's District Community Affairs Officers are available to banks requiring further information. Contact information can be obtained at the following Web site:
www.occ.treas.gov/cdd/commfoc.htm

The OCC's hurricane-specific Web site can be accessed at: <http://www.occ.gov/hurricane.htm>

Responses to Frequently Asked Questions:

- OCC:
<http://www.occ.gov/HurricaneQA.htm#top>
- SBA:
http://www.sba.gov/disaster_recov/DisasterRecovery.pdf
- US Department of Agriculture Rural Development:
<http://www.rurdev.usda.gov/rd/disasters/MFHKatrinaGuidance.pdf>